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Argentine farm strike tests president

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BUENOS AIRES, Argentina --

President Cristina Fernandez refused to ease tax hikes on agricultural exports Tuesday, facing down angry farmers embroiled in a nationwide strike that has all but halted production in one of the world's biggest beef-exporting nations.

At least 9,000 cattle normally enter this capital's sprawling stockyard each day for slaughter, yet not a single animal arrived this week due to the farm and ranch strike, the largest in decades.

South America's second-largest economy - a leading exporter of soybeans, beef and wheat - is in full farmbelt rebellion over a new sliding-scale increase in export taxes. Soybean taxes are being hiked from 35 percent to 45 percent, with smaller increases on corn and other farm products.

Scattered shops began emptying of beef, milk, chicken and cooking oil Tuesday as farmworkers mounted the most serious challenge yet to Fernandez's fledgling government.

"Bad policies by the government are leaving people without food, without beef," complained Mario Llambias, one of the farm protest organizers who announced Tuesday a 13-day old strike would now continue "indefinitely."

But Fernandez appeared undeterred as she delivered a televised address later in the evening. Vowing not to "give in to extortion," the new president declared that her government will not grant any concessions to the striking farm and ranch workers.

Fernandez said farm producers have profited from a boom in commodity prices and it is only fair to tax them more to redistribute wealth to poorer parts of society. "This seems like ... comedy," she said.

Late Tuesday, thousands of angry middle-class residents of Buenos Aires and other cities responded to her speech by banging pots in a raucous, spontaneous outpouring of support for the farmworkers. Strikers lit tires on fire after nightfall on blockaded roads and vowed to stiffen their protests.

"Argentina! Argentina!" some 5,000 people, including mothers with strollers and others banging on pots joined a surging and unexpectedly strong challenge to the government.

Other protesters in farm-dependent cities and hamlets across Argentina's farmbelt waged similar pot-banging protests.

"This is a pretty ugly wakeup alarm for the government after just a few months in power," said one angry protester Hector Bernardino, among the 5,000 who thronged the main Plaza de Mayo in Buenos Aires.

He said middle class Argentines, like the farmers, are weary of taxes and double-digit inflation he said the government has sought to conceal behind praise for years of robust recovery.

After a searing 2002 economic meltdown, the government replenished its coffers through taxes on surging grain exports and soaring commodity prices. The cash influx powered an economic growth rates topping 8 percent annually.

Argentina's economy is back on track - and agriculture remains one of its most profitable sectors. It's only fair that farmers and ranchers be taxed on more of that wealth, according to Economy Minister Martin Lousteau, who announced the controversial tax overhaul on March 11.

Growing demand for foodstuffs in China and other teeming nations, high oil prices and other shifts in the global economy have all helped pushed grain prices to new highs in recent months.

But the agriculture industry is howling at having to pay more.

The farmers are demanding to sit down and negotiate a rollback on the new taxes, which Buzzi calls "extortion" against farmers. The government says it won't start talks until the protests stop.

And so the daily demonstrations have continued, with belching tractors and giant harvesters blocking rural highways nationwide, occasionally sowing monstrous traffic jams.

During the long Easter holiday weekend on routes from the capital to South Atlantic beaches, many Argentines stuck in the traffic applauded the demonstrators, saying they too are fed up with government taxes.

The protests have spread far beyond the capital, with sugarcane workers beating cane stalks along highways in north-central Tucuman province and soybean farmers dumping mounds of beans near the border with Uruguay.

Police have managed to keep the most important routes open without widescale arrests or violence. But the confrontations have been tense.

And now Argentina's consumers are beginning to feel the pinch.

In the country's main stockyard Tuesday, the Liniers market, a lone cowhand galloped on his horse past empty cattle pens where thousands of cattle usually jostle.

One supermarket group warned of dwindling wheat, rice and pasta supplies in the western city of Mendoza. In eastern Rosario, cooking oil shortages were reported.

"I don't even have chicken left," said one idled butcher, Alfredo Estefano. "We haven't seen a strike like this in 20 years."



Natacha Pisarenko / AP Photo

A woman waits to buy meat at a butcher shop in Buenos Aires, Tuesday, March 25, 2008. Highway blockades by farmers protesting new tax hikes on soybeans and other grains, have interrupted transportation and slowed the supply of cattle to market. The strike by farmers, now in its 13th day, began after Argentina's government announced increases in export taxes.